

VILLAGE OF RICHMOND, LOUISIANA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2014

With

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA**

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RICHMOND, LOUISIANA

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THE HALFORD FIRM, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of
The Board of Aldermen
Village of Richmond
Richmond, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Richmond, Louisiana as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Village of Richmond, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-7 and the budgetary comparison information on page 21 be presented to supplement the basic financial statements. Such information, although not a part of basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The supplemental information schedule listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements.

The other supplemental schedule listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Governmental Auditing Standards, we have also issued our report dated December 9, 2014, on our consideration of the Village of Richmond, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Richmond, Louisiana's internal control over financial reporting and compliance.

The Halford Firm, PLLC

December 9, 2014

REQUIRED SUPPLEMENTAL INFORMATION

PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Village of Richmond, Louisiana's financial performance provides an overview of the Village's financial activities for the year ended June 30, 2014. Please review it in conjunction with the transmittal letter and Village of Richmond, Louisiana's basic financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

The Village's net position decreased \$728,251, as a result of this year's operations. The main reason for this decrease was the use of \$790,000 of bond proceeds to finance street repair. Also, there were significant increases in cash (bond proceeds), accounts payable (street repairs), and smaller decreases in accounts receivable and capital assets.

During the year, the Village had total expenses of \$1,191,752 in governmental funds. Included in the total expenses was \$737,576 of street repairs.

Total general fund revenue for the Village for the current year was \$507,428. This was an increase from \$454,176 in the previous year. This increase is primarily the result of an ad valorem tax increase for street repair.

Total general fund expenditures were \$454,176 or \$38,113 more than the prior year. The increase in expenditures was primarily an increase of \$31,813 in general government.

Overview of the Financial Statements

This Management's Discussion and Analysis document introduces the Village of Richmond's basic financial statements. The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the financial activities as a whole and illustrate a longer-term view of the Village's finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds tell how these services were financed in the short term as well as what remains for future spending. Fund Financial Statements also report the operations in more detail than the Government-wide Financial Statements by providing information about the most significant funds. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business. The government-wide financial statements provide short-term and long-term information about the Village's financial statements as a whole.

The Village of Richmond's government-wide financial statements include a Statement of Net position (page 8) and Statement of Activities (page 9), which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the Statement of Net Position is to report all of the assets held and liabilities owed by the Village using the full accrual basis of accounting. The Village reports all of its assets when it acquires ownership over the assets and reports all of its liabilities when they are incurred.

The difference between the Village's total assets and total liabilities is reported as net position and this difference is similar to the total owner's equity presented by a commercial enterprise. Over time, increases or decreases in the Village's net position are one indicator of whether its financial health is improving or deteriorating.

Management's Discussion and Analysis
Page Two

The purpose of the Statement of Activities is to present the revenues and expenses of the Village. Again, the items presented on the Statement of Activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the Village. Thus, revenues are reported even though they may not be collected for several months after the end of the accounting period and expenses are recorded even though they may not have been used during the current period.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Richmond, Louisiana, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Governmental Fund Balance Sheet and Government Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village adopts an annual budget for all funds. A budgetary comparison statement is provided to demonstrate compliance with this budget.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's performance.

REPORTING ON THE VILLAGE OF RICHMOND AS A WHOLE

The following table reflects a condensed statement of the Village's net position as of June 30, 2014, and 2013:

Management's Discussion and Analysis
Page Three

CONDENSED STATEMENT OF NET POSITION
Years Ended June 30, 2014, and 2013

	2014	2013
Assets		
Current and other assets	\$ 920,633	\$ 527,425
Capital assets, net of accumulated depreciation	541,744	588,101
Total Assets	<u>1,462,377</u>	<u>1,115,526</u>
Liabilities		
Current and other liabilities	358,153	35,051
Long-term debt	752,000	-
Total Liabilities	<u>1,110,153</u>	<u>35,051</u>
Net Position		
Invested in capital assets, net of related debt	541,744	588,101
Unrestricted	(189,520)	492,374
Total Net Position	<u>\$ 352,224</u>	<u>\$ 1,080,475</u>

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Richmond, assets exceed liabilities at the close of the fiscal year, by \$352,224 in 2014, and \$1,080,475 in 2013. Of these amounts \$541,744, or 100%, and \$588,101, or 54% of the total net position, represent the investment of the Village in capital assets net of related debt. Net position of \$(189,520) for 2014, and \$492,374 for 2013, which are technically unrestricted, need to be viewed in light of information in the fund financial statements.

The following table reflects the condensed Statement of Activities:

CONDENSED STATEMENT OF ACTIVITIES
Years Ended June 30, 2014, and 2013

	2014	2013
Revenues		
Taxes	\$ 377,147	\$ 296,407
Recreation	38,930	44,807
License & permits	37,392	37,583
Interest income	1,286	1,405
Public works	30,974	34,109
Other	21,796	39,726
Total	<u>507,525</u>	<u>454,037</u>
Expenses		
General government	287,353	257,458
Public safety	47,428	50,893
Public works	849,495	88,937
Recreation	51,500	49,507
Total	<u>1,235,776</u>	<u>446,795</u>
Change in Net Position	(728,251)	7,242
Net Position - beginning	<u>1,080,475</u>	<u>1,073,233</u>
Net Position - ending	<u>\$ 352,224</u>	<u>\$ 1,080,475</u>

Management's Discussion and Analysis
Page Four

As reported in the Statement of Activities, the cost of governmental activities for 2014 and 2013 was \$1,235,776 and \$446,795.

Financial Analysis of the Government's Funds

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of June 30, 2014, combined governmental fund balances of \$598,144 showed an increase of \$105,771 from the June 30, 2013, balance.

Budgetary Highlights

The Village's budget is prepared according to Louisiana law.

A budgetary comparison schedule showing the Village of Richmond's budgets compared with actual operating results is provided in the report that follows.

Economic Factors and Next Year's Budgets

The Village considered many factors when setting the 2015 budget.

Revenues and expenditures of the Village's funds are expected to remain fairly consistent with the 2014 fiscal year, with the exception of the bond proceeds and related major street repair that will not reoccur in 2015.

Capital Assets and Debt Administration

Capital assets. The Village's capital assets for its governmental activities as of June 30, 2014, amounts to \$541,744 (net of accumulated depreciation). This investment includes land, buildings, sewer plant, furniture, equipment, and automobiles. The decrease in capital assets for the year was \$46,357.

CONTACTING THE VILLAGE'S MANAGEMENT

This financial report is designed to provide a general overview of the Village of Richmond's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, contact the Village's Office at 598 Wood Street, Richmond, Louisiana 71282.

BASIC FINANCIAL STATEMENTS

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2014**

	Governmental Funds
Assets	
Cash and cash equivalents	\$ 543,083
Investments	314,480
Accounts receivable	52,913
Interest receivable	183
Other assets	75
Bond issuance costs	9,899
Capital assets - net	541,744
Total Assets	<u>1,462,377</u>
Liabilities	
Accounts payable	310,264
Payroll taxes payable	2,326
Accrued interest payable	7,563
Noncurrent Liabilities:	
Due within one year	38,000
Due in more than one year	752,000
Total Liabilities	<u>1,110,153</u>
Net Position	
Invested in capital assets, net of related debt	541,744
Unrestricted	(189,520)
Total Net Position	<u>\$ 352,224</u>

The accompanying notes are an integral part of the financial statements.

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Functions/Programs	Expenses	Program Revenue Charges for Services	Net Revenue (Expenses) Government Activities
General government	\$ 287,353	\$ -	\$ (287,353)
Public safety	47,428	279	(47,149)
Public works	849,495	30,974	(818,521)
Recreation	51,500	38,930	(12,570)
Total Government Activities	<u>\$1,235,776</u>	<u>\$ 70,183</u>	<u>(1,165,593)</u>

General Revenues:

Sales tax and video poker	259,511
Property taxes	93,424
Franchise taxes	24,212
License & permits	37,392
Building rent	11,617
Interest income	1,286
Other revenue	9,900

Total General Revenues	<u>437,342</u>
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Change in Net Position	(728,251)
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Net Position, beginning	<u>1,080,475</u>
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Net Position, ending	<u>\$ 352,224</u>
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The accompanying notes are an integral part of the financial statements.

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2014**

ASSETS

	Government Fund Types		Total
	General	Capital Projects Fund	Governmental Funds
Assets			
Cash & cash equivalents	\$201,317	\$ 341,766	\$ 543,083
Investments	314,480	-	314,480
Accounts receivable	52,913	-	52,913
Interest receivable	183	\$ -	183
Other assets	75	-	75
Total Assets	<u>\$568,968</u>	<u>\$ 341,766</u>	<u>\$ 910,734</u>

LIABILITIES AND FUND EQUITY

Liabilities

Accounts payable	22,011	288,253	310,264
Payroll tax payable	2,326	-	2,326
Total Liabilities	<u>24,337</u>	<u>288,253</u>	<u>312,590</u>

Fund Balance

Assigned fund balance	-	53,513	53,513
Unassigned fund balance	544,631	-	544,631
Total Fund Balance	<u>544,631</u>	<u>53,513</u>	<u>598,144</u>

Total Liabilities & Fund Equity	<u>\$568,968</u>	<u>\$ 341,766</u>	<u>\$ 910,734</u>
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The accompanying notes are an integral part of the financial statements.

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund Balances, Total Governmental Funds	\$ 598,144
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	541,744
Assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds.	
Bond issuance costs	9,899
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Accrued interest payable	(7,563)
Bond payable	(790,000)
	<u>(797,563)</u>
Net Position of Governmental Activities	<u>\$ 352,224</u>

The accompanying notes are an integral part of the financial statements.

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>General</u>	<u>Capital Projects</u>	<u>Totals</u>
Revenue			
Taxes:			
Property	\$ 93,702	\$ -	\$ 93,702
Sales tax and video poker	259,511	-	259,511
Franchise	24,212	-	24,212
Sewer fees	30,974	-	30,974
Licenses & permits	37,392	-	37,392
Rent	11,617	-	11,617
Interest	1,191	95	1,286
Other revenue	48,829	-	48,829
Total revenue	<u>507,428</u>	<u>95</u>	<u>507,523</u>
Expenditures			
Current:			
General government	271,442	-	271,442
Public safety	40,233	-	40,233
Public works	96,625	737,576	834,201
Recreation	39,376	-	39,376
Capital outlay	6,500	-	6,500
Total expenditures	<u>454,176</u>	<u>737,576</u>	<u>1,191,752</u>
Excess (Deficiency) of Revenue Over Expenditures	53,252	(737,481)	(684,229)
Other Financing Sources			
Bond Proceeds	<u>-</u>	<u>790,000</u>	<u>790,000</u>
Net Change in Fund Balance	53,252	52,519	105,771
Fund Balance - Beginning	<u>491,379</u>	<u>994</u>	<u>492,373</u>
Fund Balance - Ending	<u>\$ 544,631</u>	<u>\$ 53,513</u>	<u>\$ 598,144</u>

The accompanying notes are an integral part of the financial statements.

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds	\$ 105,771
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Government funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.	(46,358)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principle of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Deferred bond issuance costs	10,047	
Amortization of bond issuance costs	(148)	
Proceeds from bonds	(790,000)	(780,101)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest payable	(7,563)
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Change in Net Position of Governmental Activities	\$ (728,251)
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The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

INTRODUCTION

The Village of Richmond, Louisiana (hereafter referred to as the Village) was created under the provisions of the Lawrason Act, Louisiana Revised Statute 33:321, August 28, 1973. Therefore, it operates under a Mayor - Board of Aldermen form of government.

The Mayor and three Alderpersons are elected at large every four years by the citizens of the Village.

The purpose of the municipality is to promote the general welfare, safety, health, peace, good order, comfort, convenience, and morals of its inhabitants.

The Village is situated in the northwest part of Madison Parish with a population of 604 persons. Within the boundaries are approximately 16 miles of roads maintained by the Village. It is currently servicing 161 sewer customers and employs 6 people.

GASB Statement No.14, The Reporting Entity, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement the Village is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No.14, fiscally independent means that the Village may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The Village does not have oversight of any other component units and therefore, no other government unit is included in the Village's financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014 – continued**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Village reports the following major governmental funds:

The **General Fund** is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Capital Projects Fund** accounts for grants and bonds that are designated for capital projects.

C. Cash and Cash Equivalents

Cash includes amounts in demand deposits. Under state law, the Village may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principle offices in Louisiana. Certificates of deposits are classified as investments if their maturities exceed 90 days. However, if the original maturities are 90 days or less, they are classified as cash equivalents.

D. Investments

Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings. All investments of the Village are certificates of deposits held at local banks and the fair value is determined by the face value of the certificate.

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**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014 – continued**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

E. Capital Assets

Under GASB Statement No. 34, capital assets, which include buildings, other improvements, machinery and equipment, vehicles, and furniture and fixtures, are reported and depreciated in the applicable government or business-type activities column of the governmental-wide financial statements. No long-term capital assets or depreciation are shown in the governmental fund statements.

As permitted by GASB Statement No. 34, the Village has elected not to capitalize infrastructure assets retroactively such as streets, sidewalks, drainage, and street lighting.

All purchased capital assets are recorded at cost. Donated capital assets are valued at fair market value at date of gift. Major additions are capitalized while maintenance and repairs that do not improve or extend the life of the respective assets are charged to expense. Interest is capitalized on funds used during construction of projects acquired with bonds.

Capital assets are depreciated over the estimated useful lives of the assets using the straight-line method. Estimated useful lives are as follows (in years):

Buildings	40 years
Sewerage System	40 years
Office Equipment	5 to 10 years
Equipment	5 to 20 years
Vehicles	5 years

F. Fund Equity

Beginning with fiscal year 2011, the Village implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance - amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

Restricted Fund Balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provision, or by enabling legislation.

Committed Fund Balance - amounts constrained to specific purposes by the Village itself, using its highest level of decision-making authority (i.e., Mayor/Board of Aldermen). To be reported as committed, amounts cannot be used for any other purpose unless the Village takes the same highest level action to remove or change the constraint.

Assigned Fund Balance - amounts the Village intends to use for a specific purpose. Intent is expressed by the Mayor/Board of Aldermen.

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**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014 – continued**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

F. Fund Equity - continued

Unassigned Fund Balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Village establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Mayor/Board of Aldermen through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

G. Property Taxes

Ad valorem taxes were levied for 2014 at 6.03 mills for property tax and 14.70 mills for street improvements. These taxes, which attach as enforceable liens on property as of January 1, are levied in October, become due on receipt and until December 31, and become delinquent on January 1 of the following year. The taxes are generally collected in December of the current year and January and February of the following year.

H. Compensated Absences

The Village of Richmond has six employees. Employees only participate in the social security retirement system. The Village has no formal vacation policy. However, employees were given one or two weeks of vacation by the Board of Aldermen for the year ended June 30, 2014. No vacation accrual was recorded since vacation time does not carryover from year to year.

I. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates. The estimates are the responsibility of management. Actual results can differ from those estimated.

J. Retirement Plan

The Village does not participate in any retirement fund; therefore all employees are covered by the social security administration.

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**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014 – continued**

NOTE 2 – CASH AND CASH EQUIVALENTS

At June 30, 2014, the Village had cash and cash equivalents totaling \$543,083 as follows:

Petty cash	\$ 100
Demand deposits	8,151
Interest bearing demand deposits	534,832
Total	<u>\$ 543,083</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount of the deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually accepted by both parties.

Although the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district attorney that the fiscal agent has failed to pay deposited funds upon demand.

As of June 30, 2014, the book balance of the Village's deposit was \$543,083, and the bank balance was \$952,530. Of the bank balance, \$266,042 was covered by federal depository insurance and \$686,488 by pledged securities.

NOTE 3 – INVESTMENTS

At June 30, 2014, the Village has investments totaling \$314,880, all of which were certificates of deposit. The investments were as follows:

	<u>Carrying Amount</u>	<u>Market Value</u>
Guaranty Bank and Trust Certificate	\$ 133,241	\$ 133,241
Capital One Certificate of Deposit	181,239	181,239
Total	<u>\$ 314,480</u>	<u>\$ 314,480</u>

Of the \$314,480 of certificates of deposit, \$181,239 was secured from risk by federal deposit insurance and \$133,241 by pledged securities.

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VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014 – continued

NOTE 4 – FIXED ASSETS

The changes in capital assets are as follows:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Governmental Activities:				
Land	\$ 66,086	\$ -	\$ -	\$ 66,086
Building and improvements	172,174	-	-	172,174
Police equipment	58,469	-	-	58,469
Tractors	45,666	-	-	45,666
Mosquito equipment	18,242	-	-	18,242
Sewer plant and improvements	621,039	-	-	621,039
Equipment-Sewer	41,990	-	-	41,990
Ball park	104,137	-	-	104,137
Other equipment	124,948	6,500	-	131,448
Total Capital Assets	1,252,751	6,500	-	1,259,251
Less: Accumulated depreciation	(664,650)	(52,857)	-	(717,507)
Net Capital Assets - governmental activities	<u>\$ 588,101</u>	<u>\$(46,357)</u>	<u>\$ -</u>	<u>\$ 541,744</u>

NOTE 5 – LITIGATION AND CLAIMS

The Village of Richmond is not involved in any litigation or aware of any claims at June 30, 2014.

NOTE 6 – GENERAL LONG-TERM OBLIGATION

In the current year the Village issued \$790,000 of General Obligation Bonds for the purpose of overlaying and improving public streets. These bonds are to be repaid by ad valorem taxes passed strictly for this purpose. The bonds were dated March 11, 2014, with a net interest rate of 3.42799%. Payments are semiannually on March 1 and September 1 of each year until maturity which is March 1, 2031.

These bonds and the issue of which they form a part constitute general obligations of the Village, and the full faith and credit of the Village is pledged for the payment of these bonds and the issue of which they form a part. The bonds are secured by a special tax to be imposed and collected annually in excess of all other taxes on all the property subject to taxation within the territorial limits of the Village, under the Constitution and laws of Louisiana, sufficient in amount to pay the principal of these bonds and the issue of which they form a part and the interest thereon as they severally mature.

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**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014 – continued**

NOTE 6 – GENERAL LONG-TERM OBLIGATION - continued

The debt service requirement to amortize the bonds outstanding at June 30, 2014 is as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 38,000	\$ 24,270	\$ 62,270
2016	38,000	24,678	62,678
2017	39,000	24,260	63,260
2018	39,000	23,714	62,714
2019	40,000	23,070	63,070
2020 - 2024	216,000	100,785	316,785
2025 - 2029	259,000	63,072	322,072
2030 - 2031	121,000	8,950	129,950
Total	<u>\$ 790,000</u>	<u>\$ 292,799</u>	<u>\$ 1,082,799</u>

NOTE 7 – SALES TAX RECOVERY

During the current year it was discovered that the sales tax revenue from a business located in the Village of Richmond was being paid to the City of RICHMOND, and that this had been happening for several years. The Village recently filed suit on the City of RICHMOND to recover this sales tax revenue. While the Village believes the recovery efforts will be successful, not enough information is available to make an estimate of the amount.

NOTE 8 – SUBSEQUENT EVENTS

Subsequent events were evaluated through December 9, 2014, which is the date the financial statements were available to be issued. As of December 9, 2014, there were no subsequent events noted.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budget Original	Amended	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 27,000	\$ 22,000	\$ 23,951	\$ 1,951
Fire protection	13,300	11,000	12,438	1,438
Street improvement tax	-	50,000	57,034	7,034
Franchise tax	19,900	19,900	24,212	4,312
Occupational licenses	30,000	38,000	37,392	(608)
Sewer fees	30,000	30,000	30,974	974
Building rent	3,500	1,500	2,000	500
Civic Center rent	10,500	8,500	9,617	1,117
Interest	253	253	1,191	938
Other	500	35,000	49,108	14,108
Sales tax & video poker	229,500	249,500	259,511	10,011
Total Revenues	364,453	465,653	507,428	41,775
Expenditures				
Current - General Government				
Salaries	130,500	150,000	145,333	4,667
Ball park	-	20,000	-	20,000
Advertising	3,100	3,300	3,259	41
Bank, bond & court fees	400	400	875	(475)
Contract labor	11,000	11,000	11,680	(680)
Fire protection service	6,000	6,000	6,000	-
Dues & subscriptions	7,000	7,000	1,392	5,608
Fuel & oil	9,500	11,000	10,928	72
Police car expense	2,100	2,100	2,578	(478)
Insurance	19,000	30,000	28,568	1,432
Legal & accounting	12,000	12,000	13,990	(1,990)
Office expense	3,500	10,000	8,427	1,573
Postage	600	600	482	118
Repairs & maintenance	79,000	103,000	79,588	23,412
Street improvements	-	22,981	22,981	-
Police supplies	10,500	1,500	623	877
Supplies	15,500	15,500	8,226	7,274
Supplies - mosquito control	5,000	5,000	3,497	1,503
Richmond Sports Complex	20,000	35,000	39,376	(4,376)
Miscellaneous	4,000	4,000	-	4,000
Payroll taxes	26,000	26,000	12,649	13,351
Telephone	4,750	10,000	8,506	1,494
Travel	1,050	1,050	636	414
Utilities	28,800	33,000	38,082	(5,082)
Capital outlay	-	-	6,500	(6,500)
Total expenditures	399,300	520,431	454,176	66,255
Excess (Deficiency) of Revenue Over Expenditures	(34,847)	(54,778)	53,252	108,030
Other Financing Sources				
Operating transfers in	1,500	-	-	-
Net Change in Fund Balance	(33,347)	(54,778)	53,252	108,030
Fund Balance - beginning	491,379	491,379	491,379	-
Fund Balance - ending	\$ 458,032	\$ 436,601	\$ 544,631	\$ 108,030

OTHER SUPPLEMENTARY SCHEDULES

PART III

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO GOVERNING MEMBERS
FOR THE YEAR ENDED JUNE 30, 2014**

The following information is provided in compliance with House Concurrent Resolution No. 54 of the Louisiana Legislature.

<u>Name</u>	<u>Amount</u>
Mayor Robert Kivett	\$ 22,560
Alderman Tommy Wixson	4,125
Alderwoman Olga Butler	4,125
Alderman Bobby Ezell	2,250
Alderman Donnie Remore	1,500
	<hr/>
Total	<u>\$ 34,560</u>

**COMPLIANCE REPORTING AND OTHER SCHEDULES REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

THE HALFORD FIRM, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

Members
American Institute of
Certified Public Accountants

Mississippi Society of
Certified Public Accountants

Louisiana Society of
Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members
Of the Board of Aldermen
Village of Richmond, Louisiana

We have audited the financial statements of the Village of Richmond as of and for the year ended June 30, 2014, and have issued our report thereon dated December 9, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village of Richmond's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Richmond's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Village of Richmond, management, others within the organization, and applicable State Auditors and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

The Halford Firm, PLLC

December 9, 2014

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014**

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the annual financial statements of the Village of Richmond, Louisiana.
2. No instances of noncompliance material to the financial statements were disclosed during the audit of the financial statements.
3. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control.

FINDINGS - FINANCIAL STATEMENTS AUDIT

None

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014**

The following is a summary of the status of the prior year findings included in the auditor's report dated December 8, 2013, covering the examination of the financial statements of the Village of Richmond as of and for the year ended June 30, 2013.

13-1 - Failure to Comply with Louisiana Ethics Law

Finding: The Village awarded a contract for electrical work on the Richmond Sports Complex to a company whose owner is an immediate family member of a Village employee. The ethics law generally prohibits an immediate family member of a Village employee from bidding on or entering into a contract with the Village.

Status: This finding has been resolved.

13-2 - Charitable Contribution

Finding: During the year the Village made a charitable contribution. This is in violation of the Louisiana constitution.

Status: This finding has been resolved.